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OKC-1021

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26 October 1960

MEMORANDUM FOR: Assistant Chief, DFD-DD/P

SUBJECT : Acquisition of Constellation Model 1649

REFERENCE : Memorandum from Mr. Johnson to Mr. Cunningham,
dated 14 October 1960

1. This memorandum is being written pursuant to our conversations this week on subject proposal. It is addressed to you on the assumption that you would want to originate the document to the DD/P which would permit you to incorporate your own ideas on the subject.

2. Backtracking back into the history of CHALICE and the MATS airlift provided between Burbank and the Site, I believe that we are faced with one fundamental consideration. Bluntly, the lack of confidence on the part of LAC employees in MATS operations. As you well remember, this situation was responsible for the operation of MATS service for the Project and LAC Flight Operations using their own aircraft and crews, for which we paid, to take care of LAC personnel between the Site and Burbank. For the purpose of this memorandum, I am only raising the problems for consideration that I feel should be weighed against any decision to accept the proposal outlined in referenced memorandum.

3. One of the principle considerations would be, I believe, the risk involved in any airlift provided by whatever source, which would envisage transportation of fifty or sixty key LAC personnel and/or other Project personnel at one time in one airplane. This, of course, presumably would be weighed against the security considerations attendant to these same people residing in the [REDACTED] area.

4. No mention is made in the proposal as to the additional costs which the Project would accrue in the event the subject aircraft was required to be out of service for engine change or periodics, requiring a back-up aircraft to fulfill the schedule.

5. It is the opinion of this Branch that the projected operating costs are, to say the least, conservative. Within these costs there is an item for insurance covering aircraft. This obviously would not be an allowable charge against the contract and would either have to be borne exclusively by LAC or the responsibility assumed by the Government for reimbursement in the event of damage or destruction.

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6. One of the selling points stressed by IAC in support of this proposal is that upon conclusion of the Project's requirement the Agency would have in its inventory an aircraft which sells basically, at this time, for two and a quarter million dollars, obtained by the Agency for [REDACTED]. There is, of course, the question as to whether, if the Project for example should continue for five years, the market value might be below the [REDACTED] figure.

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7. Examining the future and the insertion of this aircraft into the Agency inventory, it must be pointed out that it would be a "one of a kind" situation with all the attendant supply support and maintenance problems. One of the basic ingredients associated with supply support would be the maintaining of a substantial inventory within the Agency control to assure maximum utilization. Were this aircraft to be manned and supported as an [REDACTED], it would be necessary to materially increase the Project Depot's inventory in order to guarantee maximum utilization. Further, being operated as an [REDACTED] would put us right back, face to face, with the basic objection encountered in the CHALICE Program by IAC, [REDACTED].

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It should be pointed out that in this connection, Project personnel have, in almost every case, been obliged to fly in and out of the Site in the past as well as the present in military aircraft, insurance limitations notwithstanding.

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[REDACTED]
Chief, Materiel Branch
DPD-DD/P

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NOTE: One cy of draft given
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